

SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND  
CONCESSIONS

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CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND  
CONCESSIONS

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September 5, 2018  
Start: 2:13 p.m.  
Recess: 3:07 p.m.

HELD AT: Council Chambers - City Hall

B E F O R E: BEN KALLOS  
Chairperson

COUNCIL MEMBERS:

CHAIM M. DEUTSCH  
RUBEN DIAZ, SR.  
VANESSA L. GIBSON  
ANDY L. KING  
MARK LEVINE

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A P P E A R A N C E S (CONTINUED)

Genevieve Michel  
Executive Director of Governmental Affairs for  
Planning, Land Use and Development at the New  
York City Department of Housing Preservation and  
Development

Anya Irons  
Director of Operations and General Counsel at the  
Urban Homesteading Assistance Board, UHAB

Lee Warshavsky  
General Counsel of Settlement Housing Fund

Nelson Chen

Alexa Sewell  
President of Settlement Housing Fund

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[gavel]

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CHAIRPERSON KALLOS: Good afternoon and

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welcome to the Subcommittee on Planning, Dispositions

5

and Concessions. I'm Council Member Ben Kallos, I'm

6

proud to chair, you can always tweet me at Ben

7

Kallos. We are joined today by those who were here on

8

time, Council Member Ruben Diaz Senior who is always

9

one of the first people here as well as Chaim Deutsch

10

who is just back from winning a pilot program for

11

halal and kosher meals for our city's public school

12

students which will actually open up our public

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schools to our religious students so I couldn't be

14

more grateful to him for his great work. Today we

15

will be holding two hearing.. we will be holding

16

hearings on two projects; Land Use Items 184 and 185.

17

If you're here to testify please fill out a white

18

slip of paper with the Sergeant At Arms and indicate

19

the Land Use Number you wish to testify on, on that

20

slip. Before we begin our hearings, we will vote on

21

applications which are.. were subject of prior

22

hearings. The first item is Land Use Item.. Number

23

183, the Triple HDFC tax exemption application in

24

relation to properties in Council Member Ayala's

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district in Manhattan. The application is for the

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1  
2 termination of the tax exemption... of the prior tax  
3 exemption with the approval of a new tax exemption  
4 pursuant to Article XI, the private housing finance  
5 law for three fully occupied buildings totaling 68  
6 rental units and one superintendent unit in East  
7 Harlem in Manhattan. This Subcommittee held a public  
8 hearing on this item on August 14<sup>th</sup>, Council Member  
9 Ayala is supportive of this application and she is  
10 here today to speak in favor of that item. Council  
11 Member Ayala.

12 COUNCIL MEMBER AYALA: Yes. Good  
13 afternoon everyone. so, I'm, I'm thrilled to be here  
14 today to express my support for Article... an Article  
15 XI tax exemption for Triple HDFC project in today's  
16 agenda. This exemption includes a ten percent set  
17 aside for formerly homeless families and establishes  
18 the occupancy restrictions on households earning  
19 between 40 percent to 160 percent of the AMI. This  
20 deepens the current occupancy restrictions which vary  
21 between 90 percent and 250 percent of the AMI.  
22 Additionally, this exemption will allow the borrower  
23 to invest in capital upgrades for the property  
24 including façade restoration and energy efficiency  
25 measures. Preserving affordable housing is a

2 critical... is critical as low income and moderate  
3 families continue to struggle to find housing in our  
4 city. I am proud to have negotiated this agreement  
5 and would like to thank our partners at HD... HPD as  
6 well as Jeff Ewing from the Council's Land Use team  
7 for their efforts and I would also like to thank my  
8 staff who spent a lot of time on the phone going back  
9 and forth to ensure that we got the deepest  
10 affordability possible for future residents but also  
11 that we included the ten percent set aside for  
12 homeless families because I believe that every  
13 project moving forward should include a ten percent  
14 set aside for homeless families if we have any plans  
15 eradicating our current homeless situation. Thank  
16 you.

17 CHAIRPERSON KALLOS: Thank you and I  
18 think... one thing I just want to take exception to and  
19 recognize is this building at Triple HDFC somehow had  
20 quote, unquote 'affordable' housing at 250 percent of  
21 the AMI and I think that's somewhere around 200,000  
22 dollars a year and I don't think that our city should  
23 be building affordable housing for people making  
24 almost a quarter of a million dollars a year and its...  
25 and, and I... it seems that we both agree on that and

2 you are a champion in terms of lowering that and I  
3 believe the maximum unit will be a, a fraction of  
4 that 250 percent. So, thank you for your strong  
5 advocacy and we are proud to support you. We will  
6 also be voting on Land Use Item 186, the Nueva Era  
7 Apartments tax exemption application for property at  
8 287-289 Audubon Avenue in Council Member Rodriguez's  
9 district in Manhattan. This application is for the  
10 termination of the prior Article V tax exemption and  
11 the dissolution of the redevelopment company which  
12 owns the site and for approval of a new tax... Article  
13 XI tax exemption under the private housing finance  
14 law for this fully occupied, 34-unit residential  
15 building with rents currently capped at 30 percent of  
16 household income. Vacant units will be rented to  
17 households earning up to 50 percent of AMI. This  
18 Subcommittee held a public hearing on this item on  
19 August 14<sup>th</sup>. The local Council Member is supportive  
20 of the application. We will also be voting to approve  
21 Land Use Item 187, the Deshler Apartment application  
22 for properties located in Council Member Perkin's  
23 district in Manhattan. The application is for the  
24 termination of a prior Article V tax exemption and  
25 dissolution of the redevelopment company which owns

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1  
2 the site and for approval of a new Article XI tax  
3 exemption under the private housing finance law. The  
4 subject property consists of two fully occupied seven  
5 story multiple dwelling buildings containing a total  
6 of 60 residential units which rents are capped at 30  
7 percent of household income. Vacant units will be  
8 rented to households earning up 50 percent of AMI  
9 which is very low income and a great target. This  
10 Subcommittee held a public hearing on this item on  
11 August 14<sup>th</sup>, the local Council Member is supportive  
12 of the application. It should be also noted that one  
13 of the buildings was already.. had an accessible  
14 entrance, another building we inquired about adding  
15 accessibility and the developer has agreed to make an  
16 at grade entrance available to anyone in the building  
17 who is facing immobility, disability which will allow  
18 them to not enter from the main entrance but through  
19 a side entrance with a special key. We will also be  
20 voting to approve six applications for tax exemptions  
21 related to In Rem actions in Queens, Brooklyn and the  
22 Bronx, they are Land Use Items 177 and 178 in Queens,  
23 179 and 180 in Brooklyn and 181 and 182 in the Bronx.  
24 Land Use Items 177, 179 and 181 are all applications  
25 for tax exemptions pursuant to Article XI of the

2 private housing finance law for unimproved properties  
3 in Queens, Brooklyn and the Bronx. Land Use Items  
4 178, 180 and 182 are for applications for urban  
5 development action area project approval waiver of  
6 the area designation UDAAP tax exemptions and Article  
7 XI tax exemptions for improved property in Queens,  
8 Brooklyn and the Bronx. The properties effected by  
9 these applications have already been approved by the  
10 council for transfer pursuant to the city's third-  
11 party transfer program administered by the Department  
12 of Housing Preservation and Development. As stated at  
13 the hearing on these applications on August the 14<sup>th</sup>,  
14 2018, the third-party transfer program was created in  
15 1996 as an alternative to the city owning and  
16 managing In Rem which in other wise may refer to as  
17 abandoned properties. Under the program when the city  
18 forecloses on properties for unpaid taxes ownership  
19 can be transferred directly to a non-profit  
20 organization, Neighborhood Restore is the name of  
21 that non-profit organization which will work with  
22 qualified non-profit and for-profit developers to  
23 stabilize, manage and plan for the rehabilitation and  
24 future ownership of these properties. Each of the  
25 individual Council Members with the effective



2 properties in their district was supportive of the  
3 transfer and each is also supportive of the tax  
4 exemptions we are about to vote on. I will note that  
5 between the time of the transfer was approved today  
6 and today's vote a number of additional properties  
7 have been carved out or removed from the list of  
8 properties to transfer. Those 30 transfers being  
9 removed are listed in an HPD letter to the Speaker  
10 dated September 4<sup>th</sup>. In the Bronx the properties  
11 being removed are 2015 Grand Avenue, 1103 Franklin  
12 Avenue, 3732 Laconia Avenue, 1314 Oakley Street, 490  
13 East 181<sup>st</sup> Street, 941 Rogers Place, 1015 Longfellow  
14 Avenue, 483 Willis Avenue, 3175 Villa Avenue, 1970  
15 Morris Avenue, 803 East 182<sup>nd</sup> Street, 943 West 179<sup>th</sup>  
16 Street, 875 Longfellow Avenue, 757 East 169<sup>th</sup> Street.  
17 And in Brooklyn the properties that are being pulled  
18 out are 737 Sheffield Avenue, 721 Van Siclen Avenue,  
19 413 East 23<sup>rd</sup> Street, 766 Miller Avenue, 1016 Green  
20 Avenue, 106 Moore Street, 1141 Green Street, 897 Park  
21 Place, 11 Spencer Place, 315 Hartman Street, five..  
22 5614 6<sup>th</sup> Avenue, 56... 566 Williams Avenue, 2838 West  
23 19<sup>th</sup> Street, 463 Classon Avenue and in Queens 29-23  
24 57<sup>th</sup> Street, 39-21 57<sup>th</sup> Street. In response to  
25 questions from this committee, the Department of

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Housing Preservation and Development has actually changed the term sheet for all third-party transfers moving forward lowering the level of affordability from just... from allowing to target high, moderate income individuals at 150 percent of AMI down by 30 percent to a maximum of 120 percent of AMI. So, all of the units in this program when they become vacant will no longer be available to people making 150 percent of AMI will, will be on a more affordable group of 120 percent of AMI and lower. With that being said we've been assured by HPD that in previous third-party transfers 90 percent of the units were at 80 percent of AMI or lower, we are expecting that HPD continue their performance of having 90 percent of the units below 80 percent of AMI. We will continue to do oversight and watch over these projects.. these properties and ensure that they remain affordable as they become vacant. In addition, we also noted in reviewing these applications that the properties went to non-profit developers and for-profit developers and the for-profit developers appeared to get buildings with more units than the non-profit developers which got buildings with fewer units on it and that is something we'll continue to look into.

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2 I'd like to now call for a vote of Land Use Items  
3 177, 178, 179, 180, 181, 182, 183, 186 and 187 as  
4 amended by the letter on September 4<sup>th</sup>, counsel  
5 please call the roll.

6 COMMITTEE CLERK: Vote to approve LU's  
7 177, 178, 179, 180, 181, 182, 183, 186 and 187, Chair  
8 Kallos?

9 CHAIRPERSON KALLOS: Aye on all.

10 COMMITTEE CLERK: Deutsch?

11 COUNCIL MEMBER DEUTSCH: [off mic] Aye on  
12 all.

13 COMMITTEE CLERK: Diaz?

14 COUNCIL MEMBER DIAZ: Aye on all and I  
15 would like to congratulate my colleague, my Puerto  
16 Rican woman colleague for her wonderful work and her  
17 concern for the community and.. thank you.

18 COMMITTEE CLERK: The Land Use Items are  
19 approved by a vote of three in the affirmative, no  
20 negatives and no abstentions and we will leave the  
21 vote open.

22 CHAIRPERSON KALLOS: We'll leave the vote  
23 open and we will now start our public hearing on two  
24 items. We will hear together Land Use Items 184 and  
25 185 related to Article XI tax exemptions for property

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2 on Riverside Drive in Manhattan. Land Use 184 is  
3 related to property located at 638-640 Riverside  
4 Drive, block 2088, lot nine in Council Member  
5 Levine's district. HPD seeks approval for a new  
6 Article XI tax exemption for a period of 40 years  
7 pursuant to section 577, the private housing finance  
8 law. The property is an existing partially occupied  
9 12 story building with 133 rental units which  
10 includes 99 occupied units, 34 vacant units. The  
11 building receiving a 40 year... the building received a  
12 40-year Article XI tax exemption in 2013 which runs  
13 through 2043 however the building is undergoing much  
14 needed rehabilitation and construction loan was  
15 closed in 2018 with a 30-year term running through  
16 2048. Thus, the current Article XI tax exemption  
17 would be terminated and replaced with a new 40-year  
18 tax exemption that coincides with the term of the  
19 permanent loan. The building is anticipated to  
20 convert to cooperative ownership this fall. The 34  
21 vacant units would have income restrictions of 120  
22 percent of AMI and rent restrictions at 100 percent  
23 of AMI. Land Use 185 is related property located at  
24 642-644 Riverside Drive, block 2088, lot 114 also in  
25 Council Member Levine's district. HPD seeks approval

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2 of a, a new Article XI tax exemption for a period of  
3 40 years pursuant to section 577 of the private  
4 housing finance law. The subject property is an  
5 existing partially occupied 12 story building with 93  
6 rental units which includes 78 occupied units and 15  
7 vacant units. The building received a 40-year Article  
8 XI tax exemption in 2003 which runs through 2043  
9 however the ownership has recently undercame...  
10 undertaken substantial rehabilitation and is now  
11 seeking a 40-year permanent financing loan. The term  
12 of the permanent loan would run from 20... run through  
13 2058 which does not align with the Article XI tax  
14 exemption. Thus, the current Article XI tax exemption  
15 would be terminated and replaced with a new 40-year  
16 tax exemption that coincides with the term of the  
17 permanent loan. The building is anticipated to  
18 convert to cooperative ownership in the fall. The 15  
19 vacant units would have income restrictions of 70  
20 percent of AMI and rent restrictions of 60 percent of  
21 AMI making this the more affordable building. I'd  
22 like to now open up the public hearing on Land Use  
23 Items 140... 84 and 185. Before inviting HPD to present  
24 testimony I would like Council Member Levine to  
25 provide some opening remarks on the record.

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2 COUNCIL MEMBER LEVINE: Thank you Chair  
3 Kallos and you give a very thorough description of  
4 the projects, so I don't feel the need to add a lot.  
5 I just want to briefly recount, this has been a long  
6 saga for these two buildings that were taken over  
7 from a neglectful landlord in 2003 through the In Rem  
8 program and these tenants collectively have worked  
9 intensely for 15 years to achieve the dream of home  
10 ownership; they were engaged, they were passionate,  
11 they were active and capable and this proves to me  
12 really the strength of the home ownership model, the  
13 power of giving people control over their destiny as  
14 home owners and to get to the finish line on this  
15 deal to turn these buildings into co-ops we do need  
16 to extend the Article XI that's what today is about...  
17 today's hearing is about. What will emerge are co-ops  
18 that are going to be truly affordable and HCFCs come  
19 in many, many different flavors and, and some have  
20 less strict income requirements for historic reasons  
21 but this building out of the gate... these two  
22 buildings out of the gate are really going to be  
23 pretty solidly targeted towards people who would not  
24 have an opportunity for home ownership otherwise,  
25 certainly not in Manhattan with target AMIs of I

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2 believe 60 percent and something that you don't see  
3 in a lot of buildings which is a, a limit on assets  
4 of 175 percent of AMI and that can prevent someone  
5 who might be very wealthy but just out of college and  
6 not let earn... yet not yet earning a lot from gaming  
7 the system. So, I believe also there will be  
8 restrictions on sale price which maybe our panel can  
9 describe. So, and lastly, I want to acknowledge, I'm  
10 not sure if the Chair mentioned that there has been  
11 significant public investment to bring these  
12 buildings up to safety and other standards with, I  
13 believe it's 15 million in 644 Riverside and 23  
14 million in 640 and that's going to help the... making  
15 sure the tenants inherit buildings which are recently  
16 renovated and livable and safe without inheriting the  
17 full debt burden of that. So, all in all I think this  
18 is a, a real win for the residents and for our  
19 collective goals of affordable home ownership. Thank  
20 you, Mr. Chair, for the opportunity to speak and I  
21 look forward to the conversation.

22 CHAIRPERSON KALLOS: Thank you, I'll now  
23 instruct the Committee Counsel to swear in the panel.

24 COMMITTEE CLERK: Before responding  
25 please hit the button on your mic and state your

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2 name. Do you each swear or affirm that the testimony  
3 that you're about to give will be the truth, the  
4 whole truth and nothing but the truth and that you  
5 will answer all questions truthfully?

6 ANYA IRONS: Anya Irons, yes.

7 NELSON CHEN: Nelson Chen, yes.

8 GENEVIEVE MICHEL: Genevieve Michel, yes.

9 LEE WARSHAVSKY: Lee Warshavsky, yes.

10 CHAIRPERSON KALLOS: Please begin your  
11 testimony.

12 GENEVIEVE MICHEL: Again, Genevieve  
13 Michel from HPD. Land Use Numbers 184 and 185 consist  
14 of exemption areas related to 640 and 644 Riverside  
15 Drive in Manhattan council district seven. These two  
16 buildings were part of an In Rem foreclosure action  
17 initiated by the city and transferred to Neighborhood  
18 Restore HDFC in 2003 under the... under the third party  
19 transfer program, TPT round two. In 2004,  
20 Neighborhood Restore conveyed the buildings to Shu  
21 Hab Housing Development Fund Corporation which is a  
22 not for profit organization created by Settlement  
23 Housing Fund Inc. working with Urban Homesteading  
24 Assistance Board, UHAB, both of these entities are  
25 not for profit affordable housing organizations. The



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1  
2 two building together were to be developed during the  
3 same time frame and converted to cooperative home  
4 ownership. Land Use Number 184 is related to 640  
5 Riverside Drive, block 2088, lot 74 and is known as  
6 TPN209G2. It is a 12-story elevator building with 133  
7 residential units of which 99 are occupied and 34 are  
8 vacant. The unit mixture comprises of six studios, 56  
9 one bedroom, 50 two bedrooms, 20 three bedrooms and  
10 one four-bedroom apartment; household income for  
11 existing occupants averages 41 percent of AMI and  
12 rents, rents are restricted to 55 percent of AMI.  
13 Land Use Number 185 is related to 644 Riverside  
14 Drive, block 2088, lot 114 and is known as TPN209G.  
15 this building is also a 12-story elevator building  
16 with 93 units of which 76 are occupied and 17 are  
17 vacant. The unit types comprise of nine one bedroom,  
18 27 two bedrooms, 33 three bedrooms, 21 four bedrooms  
19 and five.. and three five-bedroom apartments.  
20 Household incomes for existing occupants have self-  
21 reported their incomes with an average of 69 percent  
22 of AMI with maintenance charges at 60 percent of AMI.  
23 Currently 644 Riverside Drive has been rehabilitated,  
24 while work has not started at 640 Riverside Drive due  
25 to a number of issues including tenant relocation and

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work scopes which effect the timing therefore HPD has determined that the project should be bifurcated with standalone projects with S... SHF as the sponsor for 644 Riverside Drive, Drive and UHAB as the sponsor for 640 Riverside Drive. As mentioned, 644 Riverside Drive has been rehabilitated and now has new elevators, plumbing, boiler, water heater, electrical upgrades, new roof, new kitchens and bathrooms, façade work, lobby doors, laundry room, windows, and compactor. The development cost the participation... the development cost through the participation loan program totaled 15,800,339 dollars. 640 Riverside Drive will undergo construction by a different general contractor with a new participation loan, the scope of work has been finalized and is similar to the scope developed for 644 Riverside Drive. Tenants at 640 Riverside Drive will temporarily relocate in phases throughout the construction period and relocation resources will be within the buildings as well as at 644 Riverside Drive. The estimated development costs for 640 Riverside Drive is anticipated to be 25,732,879 dollars and no other subsidies are contemplated for this project. The property is slated for cooperative ownership

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2 conversion upon construction completion if tenants  
3 meet all of the TPT milestones and responsibilities.  
4 644 Riverside Drive is currently undergoing permanent  
5 loan and cooperative home ownership conversion and  
6 marketing of the vacant units will commence shortly  
7 through Housing Connect and under TPT program  
8 guidelines. Projected household income targets for  
9 the vacant units will be approximately 71 percent of  
10 AMI. As it currently stands the buildings together  
11 have an existing Article XI tax exemption that  
12 started in 2003, however a new construction loan  
13 closed on June 29<sup>th</sup>, 2018 with a 30-year regulatory  
14 agreement. Given the current finance... given the  
15 current financing cannot support a shorter and more..  
16 monitorization period for private debt to coincide  
17 with the current tax benefit obtained in 2003, new  
18 Article XI exemptions are being requested for each  
19 building. In an effort to facilitate long term  
20 affordability, HPD is before the Planning  
21 Subcommittee seeking approval of Article XI tax  
22 exemptions for a period of 40 years that will  
23 coincide with the term of amended regulatory  
24 agreements. The approximate, approximate cumulative  
25 value of the Article XI tax exemption for 640

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Riverside Drive is 31,529,912 dollars with a net

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present value of 8,808,551 dollars and for 644

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Riverside Drive the cumulative value is 21,573,854

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with a net present value of 6,027,114 dollars. Thank

6

you very much. I look forward to any questions from

7

the committee.

8

CHAIRPERSON KALLOS: I would like to

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thank Council Member Levine for his personal

10

involvement in these projects, he is the most hands

11

on member perhaps on par with Council Member Ayala

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and both of them get great results for their

13

districts and then I have a recognition for his years

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of work on this I'd like to turn it over to him to

15

ask the first round of questions.

16

COUNCIL MEMBER LEVINE: Okay, thank you

17

Chair Kallos. I want to clarify the AMI requirements

18

for the new co-ops, so you site existing average

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occupant AMIs at 69 percent for... sorry, that's... is

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that 640? There are different... currently they're

21

different AMI averages, right?

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NELSON CHEN: That's 644.

23

COUNCIL MEMBER LEVINE: Okay, 644 and at

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640 they... the current average is...

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GENEVIEVE MICHEL: 41.

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2 COUNCIL MEMBER LEVINE: So, will that  
3 burden residents who are below the targeted AMI with  
4 a maintenance that would be pegged to someone who had  
5 a slightly higher income?

6 NELSON CHEN: So, currently it's self-  
7 reported and only a fraction of folks actually, I  
8 believe did the income surveys so I think we, we can  
9 get a truer result if we went back and, and surveyed  
10 the place but I, I think we will have if subsidies  
11 are available like SCRIE, DRIE and Section 8 that,  
12 that will... that will be available for the tenants.

13 COUNCIL MEMBER LEVINE: Okay, so you're  
14 confident you can close the gap if there's someone  
15 who really can't afford the new maintenance through  
16 those various subsidies despite the, the long waiting  
17 list particularly for Section 8?

18 NELSON CHEN: Yes.

19 COUNCIL MEMBER LEVINE: You're confident  
20 that the city has adequate supply for that?

21 NELSON CHEN: Yes, the, the city has  
22 adequate supply of... yes.

23 COUNCIL MEMBER LEVINE: Okay and, and we  
24 were chatting before, so I don't know if you're... if  
25

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2 you have any clarification on the question of limits  
3 on the resale price... [cross-talk]

4 NELSON CHEN: Uh-huh... [cross-talk]

5 COUNCIL MEMBER LEVINE: ...for either of  
6 these co-ops once they're established, if you don't  
7 know that's fine that could be clarified at a later  
8 date.

9 NELSON CHEN: Yeah, we can clarify..  
10 [cross-talk]

11 COUNCIL MEMBER LEVINE: I'd be curious..  
12 [cross-talk]

13 GENEVIEVE MICHEL: Yeah, we'll get you..  
14 [cross-talk]

15 COUNCIL MEMBER LEVINE: ...to know... [cross-  
16 talk]

17 GENEVIEVE MICHEL: ...the answer... [cross-  
18 talk]

19 NELSON CHEN: We'll have the exhibits to,  
20 to get the... [cross-talk]

21 COUNCIL MEMBER LEVINE: But, but I am  
22 correct that there's an asset restriction of 175  
23 percent of AMI, is that correct?

24 NELSON CHEN: I think it's 175,000  
25 dollars.

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2 COUNCIL MEMBER LEVINE: I, I... so, I, I  
3 misstated that when I spoke earlier, thank you for  
4 clarifying. So, so that number will not fluctuate  
5 over time the way that AMI would, is that right?

6 NELSON CHEN: As of now I think it's,  
7 it's at 175,000... [cross-talk]

8 COUNCIL MEMBER LEVINE: But if you... in,  
9 in 30 years that might start to look like an  
10 unreasonable low number.

11 NELSON CHEN: Sure.

12 COUNCIL MEMBER LEVINE: Is, is there a  
13 provision for adjusting that to inflation?

14 NELSON CHEN: Not right now but that's  
15 something that we'll definitely discuss internally.

16 COUNCIL MEMBER LEVINE: Is, is... has that  
17 come up in internal... [cross-talk]

18 NELSON CHEN: It has... [cross-talk]

19 COUNCIL MEMBER LEVINE: ...discussions...  
20 [cross-talk]

21 NELSON CHEN: ...not yet because it's  
22 relatively new.

23 COUNCIL MEMBER LEVINE: Right. I mean  
24 I'm, I'm interested in this because of the, the  
25 future of these two very important buildings but also

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1 CONCESSIONS

2 because of the, the larger discussion underway now  
3 about future HDSC regulatory agreements... [cross-talk]

4 NELSON CHEN: Uh-huh... [cross-talk]

5 COUNCIL MEMBER LEVINE: ...and... to fix a  
6 number for 40 years in an inflation area environment  
7 set... should set off an alarm I think, and you know  
8 perhaps there's an easy mechanism for adjusting it  
9 over time but... [cross-talk]

10 NELSON CHEN: Uh-huh... [cross-talk]

11 COUNCIL MEMBER LEVINE: ...I'd be curious  
12 to know what that is, and will there be required  
13 outside monitors in place for these buildings also in  
14 line with what I've heard HDSC... H... HPD propose for  
15 HDSC's going forward?

16 NELSON CHEN: Yes.

17 COUNCIL MEMBER LEVINE: And who pays for  
18 the, the cost of maintaining the monitor?

19 NELSON CHEN: I believe it comes out from  
20 the maintenance, the, the building will, will have  
21 to... [cross-talk]

22 COUNCIL MEMBER LEVINE: And how much  
23 leeway do the residents have in selecting the  
24 monitor? Okay.

25



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1 CONCESSIONS

2 ANYA IRONS: Hi, Anya from UHAB. For the  
3 first year typically, the Urban Homesteading  
4 Assistance Board or the sponsor... [cross-talk]

5 COUNCIL MEMBER LEVINE: Right... [cross-  
6 talk]

7 ANYA IRONS: ...will, will be the monitors  
8 that will be asked, and they have complete freedom to  
9 change that contract after a year, to choose any of  
10 the approved monitors... [cross-talk]

11 COUNCIL MEMBER LEVINE: So, the, the  
12 residents would have that choice?

13 ANYA IRONS: Absolutely... [cross-talk]

14 COUNCIL MEMBER LEVINE: Is that right?

15 ANYA IRONS: Yeah, we, we... [cross-talk]

16 COUNCIL MEMBER LEVINE: Okay... [cross-  
17 talk]

18 ANYA IRONS: ...like to keep the  
19 consistency for the first year anyway... [cross-talk]

20 COUNCIL MEMBER LEVINE: Of course,  
21 understand... [cross-talk]

22 ANYA IRONS: ...and then they're free to  
23 choose and I should just add to the who pays for it  
24 question, we're currently exploring the possibility  
25 of having those funds regularly escrowed so that

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1 CONCESSIONS

2 there's for any monitor that should need to take our  
3 place there is a reliable source of payment every  
4 year rather than invoicing the co-op once a year.

5 COUNCIL MEMBER LEVINE: Oh, so there'd be  
6 a monthly payment into an invoice... into... [cross-talk]

7 ANYA IRONS: It'd be the... [cross-talk]

8 COUNCIL MEMBER LEVINE: ...an escrow  
9 account.

10 ANYA IRONS: Yeah, it'd be the same  
11 amount... [cross-talk]

12 COUNCIL MEMBER LEVINE: Right... [cross-  
13 talk]

14 ANYA IRONS: ...but kind of broken up into  
15 smaller deposits into a reserve account.

16 COUNCIL MEMBER LEVINE: Right. There are  
17 how many vacant units in both the buildings?

18 ANYA IRONS: 640 has approximately 34  
19 vacant units I believe and 644 has 17... [cross-talk]

20 NELSON CHEN: 17.

21 ANYA IRONS: 17.

22 COUNCIL MEMBER LEVINE: And what is the  
23 procedure for selling those?

24

25

SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND  
1 CONCESSIONS

2 ANYA IRONS: That's... the... we follow the  
3 HPD marketing guidelines, so it will be a lottery  
4 process.

5 COUNCIL MEMBER LEVINE: When does that  
6 lottery open?

7 ANYA IRONS: The lottery process for 644  
8 can happen pretty soon after conversion if, if not  
9 now because that plan has already been accepted for  
10 filing with the AG and they already have an effective  
11 plan... [cross-talk]

12 COUNCIL MEMBER LEVINE: Right... [cross-  
13 talk]

14 ANYA IRONS: The complication there is  
15 that you have being successor sponsor is going to use  
16 those vacant units at 644 for relocation purposes for  
17 640 tenants just as they did... [cross-talk]

18 COUNCIL MEMBER LEVINE: Right, yeah...  
19 [cross-talk]

20 ANYA IRONS: ...in the prior development so  
21 we plan to market if they hire us to do the  
22 marketing, we would plan to market at a minimum of  
23 seven months before occupancy is possible... [cross-  
24 talk]

SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND  
1 CONCESSIONS

2 COUNCIL MEMBER LEVINE: Okay... [cross-  
3 talk]

4 ANYA IRONS: ...and those are... those are  
5 HPD requirements that you begin the process at least  
6 seven months before occupancy. So, with respect to  
7 644 we could really start as soon as we are  
8 comfortable that we don't need those units anymore.

9 COUNCIL MEMBER LEVINE: Yep... [cross-talk]

10 ANYA IRONS: ...and there are... there are  
11 six phases of relocation at 644 and only three of  
12 them require units in six... I'm sorry, there's six  
13 phases of, of relocation at 640 and there are only  
14 three phases needed of units at 644... [cross-talk]

15 COUNCIL MEMBER LEVINE: Okay. So, as soon  
16 as the... [cross-talk]

17 ANYA IRONS: I got the... [cross-talk]

18 COUNCIL MEMBER LEVINE: ...as soon as you  
19 know the date of the lottery or as soon as it opens  
20 please let us know and we'd like to promote it in the  
21 neighborhood.

22 ANYA IRONS: Absolutely.

23 COUNCIL MEMBER LEVINE: Will there be a,  
24 a mandated minimum annual increase in the  
25 maintenance, will that be two percent?

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1 CONCESSIONS

2 ANYA IRONS: Yes.

3 COUNCIL MEMBER LEVINE: So... [cross-talk]

4 ANYA IRONS: As for the regular...  
5 regulatory agreement I think that requires a minimum  
6 of two percent increase.

7 COUNCIL MEMBER LEVINE: Okay and will  
8 there be a mandatory minimum flip tax?

9 ANYA IRONS: We... on 640 we have to work  
10 on what that is but typically yes.

11 COUNCIL MEMBER LEVINE: And would that be  
12 30 percent, or you don't know at this point?

13 ANYA IRONS: I, I don't know at this  
14 point.

15 COUNCIL MEMBER LEVINE: Okay... [cross-  
16 talk]

17 NELSON CHEN: I think there's a scale  
18 that the longer they stayed that... [cross-talk]

19 COUNCIL MEMBER LEVINE: Oh... [cross-talk]

20 NELSON CHEN: Yeah.

21 COUNCIL MEMBER LEVINE: Right, so...  
22 [cross-talk]

23 NELSON CHEN: Fair would be that scale...  
24 [cross-talk]

25

SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND  
1 CONCESSIONS

2 COUNCIL MEMBER LEVINE: Okay, be curious  
3 to know what that is, okay. Thank you very much,  
4 excited about this project and I'm going to pass it  
5 back to the Chair. Thank you, Mr. Chair.

6 CHAIRPERSON KALLOS: Thank you to Council  
7 Member Levine. When will... so, 644 has been approved  
8 to become a co-op and when is that likely to happen?

9 ANYA IRONS: I think what we're shooting  
10 for, what will likely not happen is that we're, we're  
11 still kind of splitting up the projects and we hope  
12 to have this happen simultaneously in November,  
13 December... [cross-talk]

14 NELSON CHEN: Right... [cross-talk]

15 ANYA IRONS: ...but in any case, 644 can go  
16 to permanent or... and co-op conversion at that time  
17 if, if the local law 11 work is completed and various  
18 other prerequisites are met.

19 CHAIRPERSON KALLOS: And what about 640?

20 ANYA IRONS: That would be at the end of  
21 construction at the 24-month period.

22 CHAIRPERSON KALLOS: Okay, so that one...  
23 [cross-talk]

24 NELSON CHEN: 40 just... [cross-talk]

25 CHAIRPERSON KALLOS: ...won't... [cross-talk]

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1 CONCESSIONS

2 NELSON CHEN: ...close in construction...

3 [cross-talk]

4 ANYA IRONS: Just closed construction...

5 [cross-talk]

6 NELSON CHEN: ...in June so that's  
7 beginning their construction... [cross-talk]

8 CHAIRPERSON KALLOS: Okay, so that  
9 couldn't possibly become a cooperative until at least  
10 two years from now which would be 2020 so I just want  
11 to correct my prior remarks during my opening in  
12 which I represented that both would be going  
13 cooperative in 2018 and just only 644 will, 640 will  
14 not. We just voted at HPD's insistence on 1,200  
15 units... less units, buildings that were recently  
16 pulled out and during that process a lot of my  
17 questioning to the Associate Director related to why  
18 HPD needs 40 years for a Article XI and one of my  
19 concerns was that a third party transfer building  
20 might not get off the ground properly so in this case  
21 644 moved forward, the building was renovated, is  
22 that correct?

23 NELSON CHEN: Yes.

24 CHAIRPERSON KALLOS: What happened with  
25 640, it's been 15 years?

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1 CONCESSIONS

2 LEE WARSHAVSKY: I mean I think what  
3 happened is, again I'm Lee Warshavsky, I'm General  
4 Counsel of Settlement Housing Fund and we're the  
5 parent of Shu Hab... [cross-talk]

6 CHAIRPERSON KALLOS: We may want to move  
7 a microphone over to you.

8 LEE WARSHAVSKY: We're the... we're the  
9 parent of Settlement... of Shu Hab HDFC. We originally  
10 felt we and HPD together thought it would save money  
11 for everybody if we did the buildings together and  
12 frankly it was probably not the right decision, it  
13 was an enormous job, these are almost 100 units each  
14 and we realized that we really needed to do one at a  
15 time and the first building, 644 took a long time and  
16 so basically 640 we did some of the common area  
17 rehabs and everyone then agreed we needed to do one  
18 at a time, we needed to finish 644 and then do 640.

19 CHAIRPERSON KALLOS: How, how... [cross-  
20 talk]

21 LEE WARSHAVSKY: In a nutshell... [cross-  
22 talk]

23 CHAIRPERSON KALLOS: ...long did it take...  
24 [cross-talk]



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1 CONCESSIONS

2 LEE WARSHAVSKY: ...that's really... [cross-  
3 talk]

4 CHAIRPERSON KALLOS: ...to do 644?

5 LEE WARSHAVSKY: 644 took close to ten  
6 years unfortunately and again part of this was the  
7 relocation of tenants, temporary relocation of 12  
8 tenants per line was an extremely time-consuming  
9 process. In addition, there was a lot of confusion  
10 about the scope of work based on what the seven A  
11 administrator supposedly had done. As we started work  
12 we and HPD realized the scope had to be increased  
13 considerably and that caused enormous delays as well.  
14 So, unfortunately it took much longer than we  
15 anticipated.

16 CHAIRPERSON KALLOS: So, you've, you've  
17 accounted for ten years, why didn't work at 640 start  
18 five years ago?

19 LEE WARSHAVSKY: Again, because the  
20 decision was we needed to finish 644 first... [cross-  
21 talk]

22 CHAIRPERSON KALLOS: Finish... [cross-talk]

23 LEE WARSHAVSKY: So, we finished... [cross-  
24 talk]

SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND  
1 CONCESSIONS

2 CHAIRPERSON KALLOS: ...644 didn't take ten  
3 years, it took 15 years of construction.

4 LEE WARSHAVSKY: No, we, we acquired it...  
5 well we acquired it in 2004, we finished it the end  
6 of 2014 since then we've been dealing with the co-op  
7 conversion and again it was sort of... we needed to  
8 deal with that until we could focus on 640.

9 CHAIRPERSON KALLOS: So, so there was no  
10 construction between 2014 and 2018 in... [cross-talk]

11 LEE WARSHAVSKY: In terms of... [cross-  
12 talk]

13 CHAIRPERSON KALLOS: ...644... [cross-talk]

14 LEE WARSHAVSKY: ...644, no until we  
15 realized that the local law 11 work and the boiler  
16 needed to be done so we started again.

17 ANYA IRONS: It was also... [cross-talk]

18 CHAIRPERSON KALLOS: When did that start  
19 again?

20 ANYA IRONS: There were also... [cross-  
21 talk]

22 CHAIRPERSON KALLOS: We will need a  
23 microphone for you please.

24 ANYA IRONS: Oh, sorry, I usually speak  
25 too loud. There, there are also issues with some of

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1 CONCESSIONS

2 the work that was done, we had a... roughly a two-year  
3 delay based upon some incorrect window work... [cross-  
4 talk]

5 CHAIRPERSON KALLOS: Right... [cross-talk]

6 ANYA IRONS: ...so 644 has 83 units, I  
7 don't remember exactly... [cross-talk]

8 LEE WARSHAVSKY: 93.

9 ANYA IRONS: 93, I don't remember exactly  
10 how many windows but they all needed to be replaced  
11 and that was a lengthy process of... [cross-talk]

12 LEE WARSHAVSKY: Right, Anya's right.

13 ANYA IRONS: Yeah, that... so that... [cross-  
14 talk]

15 LEE WARSHAVSKY: So, that was part of it...  
16 [cross-talk]

17 ANYA IRONS: ...added... in that... in that  
18 time period when no work was done there was two years  
19 spent on that. There's really no... nobody's trying to  
20 make excuses for that time... for that lag, it's, it's  
21 unacceptable to have projects take that long but I, I  
22 do want to point out that for every one I believe it  
23 was a tremendous learning curve, it was the second  
24 round of TPT, everybody involved wanted to be  
25 conservative and shouldn't have been conservative

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1 CONCESSIONS

2 because they're... they needed a lot more work than  
3 originally anticipated. We had to do line by line so...  
4 for example, doing the plumbing in one line, make the  
5 determination that it had to be repaired, move on to  
6 the next line, check the plumbing, make the  
7 determine... so all of those were approvals and  
8 whatnot. We also had tenant related issues with  
9 relocation, there's just... every possible thing that  
10 you can imagine added time to the project.

11 LEE WARSHAVSKY: Right, I mean we're not...  
12 again we're sorry it took so long, our other TPT  
13 buildings did not but if you think about it 12  
14 tenants, one tenant refuses to relocate, it's... some  
15 of them it took a year in court to convince them to  
16 temporarily relocate and line after line, yeah, again  
17 we're sorry it took so long but we did our best and  
18 got... and did, did get it done but yes, it took...

19 [cross-talk]

20 CHAIRPERSON KALLOS: And what is... [cross-  
21 talk]

22 LEE WARSHAVSKY: ...longer than we would  
23 have... [cross-talk]

24 CHAIRPERSON KALLOS: ...what is the...  
25 [cross-talk]

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1 CONCESSIONS

2 LEE WARSHAVSKY: ...liked... [cross-talk]

3 CHAIRPERSON KALLOS: ...correct... what do  
4 you believe the correct timeline to be and, and this  
5 is more I guess for HPD if you feel comfortable  
6 answering, so we just approved 1,200 units less... the  
7 items that have been withdrawn how, how, how long do  
8 you anticipate construction will take on those  
9 projects?

10 NELSON CHEN: The construction itself  
11 should take 18 months to 24 months but if we need to  
12 relocate folks that may take longer, it depends on  
13 tenant cooperation's that's why this is so much  
14 different than new construction I would say.

15 CHAIRPERSON KALLOS: What is the  
16 anticipated timeline once you get... when do you  
17 anticipate getting a construction loan on 640?

18 NELSON CHEN: We got one already, we...  
19 [cross-talk]

20 ANYA IRONS: We closed that in June...  
21 [cross-talk]

22 NELSON CHEN: ...closed... we closed that in  
23 June.

24 CHAIRPERSON KALLOS: Okay.

25 NELSON CHEN: Yeah...

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1 CONCESSIONS

2 ANYA IRONS: We're... and we're, we're  
3 beginning relocation this month if not next month so  
4 we're beginning to move the tenants already...

5 CHAIRPERSON KALLOS: And, and how many  
6 tenants have you had to take to court or are you  
7 planning to... [cross-talk]

8 ANYA IRONS: For six... [cross-talk]

9 CHAIRPERSON KALLOS: ...or in the process...  
10 [cross-talk]

11 ANYA IRONS: For 640... for 640 I believe  
12 we have like four... I... that might be wrong, no more  
13 than five folks that are not signing relocation  
14 agreements for various reasons, so we brought them  
15 to, to, to court to, to move that along. One thing  
16 that I, I should mention about the timeline, while we  
17 have a construction timeline there are other aspects  
18 that have to happen simultaneously and in conjunction  
19 with construction that need to go fluidly as well.  
20 The marketing process of vacancies is at a minimum a  
21 two-year process that... just by virtue of going  
22 through a lottery, vetting all of those applications,  
23 getting approvals, doing interviews that process for  
24 this many vacancies will take at least two years to  
25 complete...

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1 CONCESSIONS

2 CHAIRPERSON KALLOS: So, so the, the  
3 building that Council Member Levine was enthusiastic  
4 about was the... I believe it's 34 units in 644?

5 ANYA IRONS: No, 17 in 644... [cross-talk]

6 CHAIRPERSON KALLOS: 17 in 644 that are  
7 ready today ostensibly will sit there vacant for two  
8 years?

9 ANYA IRONS: No, they're going to be  
10 generating income from the relocation process and  
11 then as soon as we're done we're going to market  
12 them. So, they're going to be collecting maintenance  
13 and the sponsor is responsible for making sure that  
14 they're maintained, repaired and paid for.

15 NELSON CHEN: Yep.

16 ANYA IRONS: Yes, yes, I'm sorry if I'm  
17 not making... [cross-talk]

18 CHAIRPERSON KALLOS: Okay... [cross-talk]

19 ANYA IRONS: ...that clear.

20 CHAIRPERSON KALLOS: So, so, so the  
21 crosstalk was just Council Member Levine was pointing  
22 out that the 17 units would be occupied by folks from  
23 the other buildings who are in the relocation  
24 process. What is your timeline on completing  
25 construction on 640?

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1 CONCESSIONS

2 ANYA IRONS: I would say completing  
3 construction, 18 to 24 as, as Nelson said.. [cross-  
4 talk]

5 CHAIRPERSON KALLOS: So, so in 2020 the  
6 construction will be done even though you have five  
7 folks that you have taken to court so with those five  
8 folks in court and that process in 2020 the building  
9 will be done and then how... and then how long for  
10 those 34 units to become available on the market?

11 ANYA IRONS: As soon as we have our  
12 budget fixed we can prepare an offering plan and  
13 process through the attorney general so as soon as we  
14 know what the numbers are exactly we can market and  
15 start the whole process. So, typically that's... we  
16 have waited till substantial completion, but we don't  
17 want to wait that long anymore, we want to start even  
18 sooner.

19 CHAIRPERSON KALLOS: I've, I've asked  
20 this question of HPD before at similar hearings, does  
21 H... will HPD provide this committee a list of all of  
22 the projects that were previously received third  
23 party transfer or Article XI or any other funding  
24 through this committee or the Finance Committee that  
25 have not completed, that, that have not been gone



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1 CONCESSIONS

2 through lease up and still have vacant units and are  
3 still pending construction and what have you?

4 GENEVIEVE MICHEL: We'll discuss them  
5 internally and get back to you.

6 ANYA IRONS: I can share with you some  
7 statistics about UHAB's pipeline if that's of any use  
8 because we do consider ourselves possibly the largest  
9 TPT developer, not for profit TPT developer in the  
10 city, we've converted about 99 buildings of those 99  
11 buildings only five projects have gone rental, the  
12 majority of those because the tenants chose to be  
13 rentals versus co-ops so that is a pretty.. we  
14 consider those all successes really because it's  
15 always up to tenant choice but out of the 99  
16 buildings to have, you know five go rental is we  
17 believe very.. is a great success. That's just our  
18 little.. [cross-talk]

19 CHAIRPERSON KALLOS: I, I understand..  
20 [cross-talk]

21 ANYA IRONS: ...piece of the pie.

22 CHAIRPERSON KALLOS: I guess.. so, we have  
23 third party transfer, it was a new program, you're  
24 involved in round two, you step into it, you realize  
25 there's a lot.. at what point in the 15 years did you

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1 CONCESSIONS

2 reach out to HPD for assistance in managing both  
3 buildings?

4 LEE WARSHAVSKY: Glad to, in terms of 644  
5 and 640 we worked with HPD all along and it just  
6 unfortunately took a long time, you know it was a... it  
7 was a huge learning curve and again 100 units... 93  
8 units, we actually as I... you know in thinking about  
9 it we actually couldn't start for several years  
10 because of the court cases and a couple of tenants  
11 who refused to move so that, that caused delays at  
12 the beginning and again it was the second round but  
13 we worked with HPD, HPD was incredibly helpful, it  
14 was unfortunately just a very difficult building to  
15 do.

16 CHAIRPERSON KALLOS: What could HPD do  
17 different or what is HPD doing differently on third  
18 party transfer round ten which we just approved that  
19 makes... that, that makes you confident that it will  
20 not take ten or 15 years for the new third-party  
21 transfer units to... buildings to come back to this  
22 committee without having made much progress?

23 NELSON CHEN: Sure, I think its  
24 communication is number... first, first and foremost  
25 and working with council, the city council to make

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1 CONCESSIONS

2 sure we have that communication and often and I think  
3 that that's... has been helpful actually.

4 CHAIRPERSON KALLOS: To, to be fair I  
5 just asked if you would communicate with us about all  
6 of the projects that might be considered stalled and  
7 at similar circumstances 640 has been and the, the  
8 answer was not an absolute yes, so are you willing to  
9 give me an absolute yes that you will communicate?

10 GENEVIEVE MICHEL: No... you know look I  
11 think everyone at HPD wants to work closely with the  
12 council to see how we can move these projects forward  
13 and... especially the projects that are stalled. I  
14 think generally actually involving the local Council  
15 Member as was the case with Council Member Levine  
16 only helps, you know this is the first time I am  
17 getting that question, so I don't want to make any  
18 commitments without talking to everyone else at the  
19 agency.

20 CHAIRPERSON KALLOS: I, I think the  
21 answer should be undoubtedly yes. You mentioned a  
22 situation with having work done that was done  
23 incorrectly, can you tell me a little bit about the  
24 nature of the work that was already done and the  
25 work... nature of work that is planned to be done

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1  
2 specifically are the people who are doing the work  
3 did they receive training, did they have a chance to  
4 do on the job training, did they get health insurance  
5 so that if they got injured on the job they could go  
6 to a doctor, if they got hurt and they couldn't keep  
7 working did they have disability insurance, 15 years  
8 later are they going to be able to retire with a 401K  
9 or other pension vehicle and, and what have you and  
10 that's for the past construction and the construction  
11 moving forward?

12 ANYA IRONS: With respect to the past  
13 construction I, I just... the only real main fact that  
14 I can add that predates me and, and Lee can maybe  
15 speak better to this but one, one thing that HPD did  
16 very well and that helped the process a lot was... in  
17 that case was they, they forced the removal of a  
18 contractor for 640. The contractor was a very big  
19 problem with 644 and they, they listened to the  
20 issues and they removed them from the combined  
21 project at the time so that's, that's one thing that  
22 they did well in that process. Your other question  
23 was mostly about the contracting team on 640, I, I  
24 have a couple of notes here... [cross-talk]

25

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1 CONCESSIONS

2 CHAIRPERSON KALLOS: Both 640 and 644,  
3 this, this... so, go, go on...

4 ANYA IRONS: Yeah, I'll, I'll do... I can  
5 only really speak for 640 honestly... [cross-talk]

6 CHAIRPERSON KALLOS: Sure... [cross-talk]

7 ANYA IRONS: ...it's not my typical job to,  
8 to do the... I'm in house counsel and Director of  
9 Operations, Operations but I have notes from our  
10 contractor. We're using MDG Contracting, they are...  
11 [cross-talk]

12 CHAIRPERSON KALLOS: MD... [cross-talk]

13 ANYA IRONS: MDG Contracting... [cross-  
14 talk]

15 CHAIRPERSON KALLOS: Okay... [cross-talk]

16 ANYA IRONS: ...they are very, very  
17 experienced in, in place renovations so  
18 checkerboarding tenants around the building, they  
19 have completed at least one of our other projects  
20 ahead of schedule, they, they... I'll have to ask them  
21 specific... the very specific questions you asked about  
22 their employees... [cross-talk]

23 CHAIRPERSON KALLOS: Are, are those...  
24 [cross-talk]

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1 CONCESSIONS

2 ANYA IRONS: ...but I can tell you... [cross-  
3 talk]

4 CHAIRPERSON KALLOS: ...values important to  
5 you as well?

6 ANYA IRONS: Yes... yeah, yeah and I can  
7 tell you some of that, but I can't tell you about  
8 their 401Ks and, and... that, that I can't tell you.

9 CHAIRPERSON KALLOS: Just want to know  
10 that they have access... [cross-talk]

11 ANYA IRONS: Sure... [cross-talk]

12 CHAIRPERSON KALLOS: ...to retirement...  
13 [cross-talk]

14 ANYA IRONS: So, they wrote in an email  
15 here that they are all... is it RRP certified first of  
16 all so they... repairs and renovation painting  
17 certified, they are all licensed including the  
18 subcontractors, they will be required to pay all the  
19 employees the living wage as required by the council,  
20 follow all FLSA requirements including paying an  
21 hourly wage over time, over 40 hours of work and all  
22 the workers must be paid weekly, subcontractors are  
23 required to provide health care unless exempted in  
24 accordance with Obama care, that's quote, unquote but  
25 if you want more information I'm... [cross-talk]

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1 CONCESSIONS

2 CHAIRPERSON KALLOS: If you... [cross-talk]

3 ANYA IRONS: ...happy to get it for you.

4 CHAIRPERSON KALLOS: The, the record will  
5 remain open so if by tomorrow you can get us specific  
6 yes or no answers to the, the quality of conditions  
7 for your workers additionally you can help me with  
8 the math here but at 15... at less than 15 dollars an...  
9 15... less than 15 dollars an hour to believe that the  
10 workers who helped renovate these buildings will be  
11 able to qualify for this affordable housing?

12 ANYA IRONS: Oh, that's a good question,  
13 I'll, I'll get back to you, I would hope so, I'll,  
14 I'll get back to you.

15 CHAIRPERSON KALLOS: But I guess one of  
16 the things that I've, I've heard the Mayor say and I  
17 agree with him on is that one thing we can do to  
18 solve the affordable housing crisis is to pay people  
19 better so that they can be lifted out of poverty. In  
20 terms of it... the MDG is they... are they the contractor  
21 that did the incorrect work and had to... [cross-talk]

22 ANYA IRONS: No... [cross-talk]

23 CHAIRPERSON KALLOS: Which contractor did  
24 the incorrect work?  
25

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1 CONCESSIONS

2 LEE WARSHAVSKY: Dalewood and again this  
3 was quiet a few years ago... [cross-talk]

4 CHAIRPERSON KALLOS: And do you... do you  
5 know if they're folks had training?

6 LEE WARSHAVSKY: I... [cross-talk]

7 CHAIRPERSON KALLOS: Or... [cross-talk]

8 LEE WARSHAVSKY: I really don't and again  
9 the work start... the work ended four or... [cross-talk]

10 CHAIRPERSON KALLOS: Do you... [cross-talk]

11 LEE WARSHAVSKY: ...five years ago.

12 CHAIRPERSON KALLOS: Would, would you  
13 think that having folks who have training, on the job  
14 training and benefits and what have you might produce  
15 better results and... without having to redo the work?

16 LEE WARSHAVSKY: Well I, I think what  
17 happened with 644 actually Dalewood did do a good  
18 job, I... Dalewood did do a good job certainly they  
19 were... we realized they did not have the expertise in  
20 dealing with occupied buildings which is one of the  
21 reasons that HPD, we all agreed that for 640 we  
22 should use a different contractor. The work that  
23 Dalewood did was fine except what happened with the  
24 windows which we didn't realize till it was done is  
25 their sub... they did not supervise the sub and so the



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2 sub did not do a good job with the windows and what  
3 Dalewood did and I will give them credit for it is we  
4 called their attention to it and they actually hired  
5 someone else and they came back and basically redid  
6 all of the windows at their expense.

7 CHAIRPERSON KALLOS: I'm going to turn to  
8 Council Member Levine for a question.

9 COUNCIL MEMBER LEVINE: I'm trying to  
10 visualize the entrances and whether there are steps,  
11 wondering about accessibility, could you remind us  
12 whether these are accessible and can... or can be made  
13 accessible at least the lobbies?

14 ANYA IRONS: I, I couldn't say that  
15 affirmatively for 640, I can get back to you on it  
16 though, there are steps, I believe there's also a  
17 side entrance into the building at least one because  
18 it, it occupies an entire quarter of the block...

19 [cross-talk]

20 LEE WARSHAVSKY: Right... [cross-talk]

21 ANYA IRONS: ...so there's... I'm... I know  
22 that, and I can check on... you... on that but they're  
23 going to be compliant so if there needs to be  
24 accessibility created it will be.

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1 CONCESSIONS

2 LEE WARSHAVSKY: Right and 644 is  
3 compliant, HPD approved it and the... there is a side  
4 entrance that does not have steps.

5 COUNCIL MEMBER LEVINE: Thank you.

6 CHAIRPERSON KALLOS: In terms of the  
7 building service workers do they earn sufficient  
8 income so that they could live in this affordable  
9 housing or do they... [cross-talk]

10 LEE WARSHAVSKY: 32BJ, they're unionized.

11 ANYA IRONS: They're union.

12 COUNCIL MEMBER LEVINE: And, and they get  
13 health benefits and... [cross-talk]

14 LEE WARSHAVSKY: Of course, it's all...  
15 [cross-talk]

16 CHAIRPERSON KALLOS: Okay... [cross-talk]

17 LEE WARSHAVSKY: ...32BJ.

18 CHAIRPERSON KALLOS: In terms of the MDG  
19 contractor is that an MWBE?

20 ANYA IRONS: They are not themselves that  
21 I know of, they, they do use MWBE subs, subs and  
22 other affiliates.

23 CHAIRPERSON KALLOS: And in terms of the  
24 makeup of your particular non-profits are there MEBE

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1 CONCESSIONS

2 leaders in your institutions or board members.. or  
3 sorry... [cross-talk]

4 ANYA IRONS: I guess I would be... [cross-  
5 talk]

6 CHAIRPERSON KALLOS: ...not... MWBE... [cross-  
7 talk]

8 ANYA IRONS: ...one of them.

9 CHAIRPERSON KALLOS: MWBE isn't the  
10 correct term but are there minorities or women who  
11 are executives or on the boards of your non-profits?

12 ANYA IRONS: Absolutely, yeah. On our...  
13 and for UHAB I'm the Director of Operations and the  
14 General Counsel and on our board we also  
15 representation and actually our CFO is Ecuadorian  
16 and... [cross-talk]

17 CHAIRPERSON KALLOS: So, would you...  
18 [cross-talk]

19 ANYA IRONS: ...a female... [cross-talk]

20 CHAIRPERSON KALLOS: ...would you consider  
21 that 50 percent or what percentage would you say?

22 ANYA IRONS: Of the leadership in our...  
23 [cross-talk]

24 CHAIRPERSON KALLOS: Yep... [cross-talk]

25 ANYA IRONS: ...organization?

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1 CONCESSIONS

2 CHAIRPERSON KALLOS: It's about the  
3 leadership?

4 ANYA IRONS: Well I, I would probably say  
5 a third.

6 CHAIRPERSON KALLOS: Okay and for yours?

7 LEE WARSHAVSKY: Well our president is  
8 Alexa Sewell.

9 ALEXA SEWELL: I'm a woman and president  
10 of Settlement Housing Fund. Around 50 percent of our  
11 senior team is female, 20 percent minority and a  
12 similar representation on our board.

13 CHAIRPERSON KALLOS: Thank you for these  
14 projects and the construction loan value on 644 is...  
15 give me one moment... sorry, it's 640 is 25 million..  
16 so, you're, you're planning to spend 25 million  
17 dollars at 640?

18 NELSON CHEN: Its UHAB, yes its... [cross-  
19 talk]

20 CHAIRPERSON KALLOS: Alright... [cross-  
21 talk]

22 NELSON CHEN: ...UHAB.

23 ANYA IRONS: approximately, yes, that's,  
24 that's city... [cross-talk]

25 CHAIRPERSON KALLOS: That... [cross-talk]

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1 CONCESSIONS

2 ANYA IRONS: ...capital.

3 CHAIRPERSON KALLOS: Great and so how...  
4 what is your local hire requirement?

5 ANYA IRONS: Our, our local hiring  
6 requirement?

7 CHAIRPERSON KALLOS: So, for the folks  
8 who are going to do the work, that 25 million dollars  
9 in work extensively folks will get hired to do that  
10 work, how many people from the community will be...  
11 have an opportunity to do that... [cross-talk]

12 ANYA IRONS: I'd have to ask MDG that  
13 question, they're our contractor, we're, we're...  
14 [cross-talk]

15 CHAIRPERSON KALLOS: Okay... [cross-talk]

16 ANYA IRONS: ...we don't do the actual...  
17 [cross-talk]

18 CHAIRPERSON KALLOS: We will also want  
19 the contact information so that Council Member Levine  
20 can let folks know about the 25 million dollars in  
21 jobs in his community.

22 ANYA IRONS: Sure.

23 CHAIRPERSON KALLOS: If you can also just  
24 share any additional financing whether it's HDC,  
25

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1 CONCESSIONS

2 LIHTC, private equity just if you can share that  
3 later...

4 ANYA IRONS: Sure, I can... I can add  
5 quickly to that and say that CPC is going to be the,  
6 the, the private lender and then we plan to apply for  
7 AHC subsidy for the purchasers to go towards their  
8 purchase prices as well as to offset the, the, the  
9 other banks... the other lending capital.

10 CHAIRPERSON KALLOS: Great, I would like...  
11 so, please submit the additional items at that time  
12 the, the hearing will be officially closed. Okay, we  
13 are going to apparently close the hearing now, seeing  
14 no other people here to testify on this item and that  
15 concludes this hearing. Thank you. So, we're now  
16 closing the hearing on Land Use Items 184 and 185. I  
17 want to thank Council Member Levine for... [cross-talk]

18 ANYA IRONS: Thank you.

19 CHAIRPERSON KALLOS: ...participating and  
20 we had left the vote open on prior Land Use Items and  
21 I now instruct Committee Counsel to call the roll.

22 COMMITTEE CLERK: Gibson?

23 COUNCIL MEMBER GIBSON: I vote aye, thank  
24 you Chair.

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CONCESSIONS

COMMITTEE CLERK: The Land Use Items are approved by a vote of four in the affirmative, zero in the negative and no abstentions and referred to the full Land Use Committee.

CHAIRPERSON KALLOS: This meeting is hereby adjourned.

[gavel]

C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date

September 14, 2018